

A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from the NOVA – School of Business and Economics.

CUSTOMER RELATIONSHIP MANAGEMENT GUEST COMMUNICATION  
PREFERENCES AT THE PESTANA HOTEL GROUP

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## **ABSTRACT**

This work project identifies seven different marketing personas for the Pestana Hotel Group and their preferences when it comes to communicating with the hotel throughout the customer journey. In order to do so, an internal analysis of Pestana Group was conducted and a qualitative research with 5000 guests of the Pestana group. Learning about the customers preferences allows the company to tailor its responses to those preferences, which will improve Pestana's marketing efforts and guest satisfaction. The work project also provides recommendations to improve the Customer Relationship Management strategies of the Pestana group.

**Keywords:** Customer Relationship Management (CRM), Communication preferences, Marketing Persona

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## TABLE OF CONTENTS

|  |            |
|--|------------|
| <b>ABSTRACT .....</b>  | <b>ii</b>  |
| <b>ACKNOWLEDGEMENTS .....</b>  | <b>iii</b> |
| <b>1. INTRODUCTION .....</b>   | <b>1</b>   |
| <b>2. LITERATURE REVIEW .....</b>  | <b>1</b>   |
| 2.1. CUSTOMER RELATIONSHIP MANAGEMENT OVERVIEW .....                     | 2          |
| 2.2. CRM BENEFITS .....  | 3          |
| 2.3. CRM AND HOTEL INDUSTRY .....  | 3          |
| 2.3.1. Data Management and Service Customization .....                   | 4          |
| 2.3.2. Loyalty programs .....  | 5          |
| <b>3. METHODOLOGY .....</b>  | <b>5</b>   |
| 3.1. Research Design .....   | 6          |
| <b>4. PESTANA INTERNAL ANALYSIS .....</b>                                | <b>7</b>   |
| 4.1. BRAND PORTFOLIO .....   | 7          |
| 4.2. STRATEGIC EVALUATION .....  | 7          |
| 4.3. FINANCIAL PERFORMANCE .....   | 8          |
| 4.4. KEY PERFORMANCE INDICATORS .....                                    | 8          |
| 4.5. COMPETITIVE ADVANTAGES .....  | 9          |
| 4.6. CRM DIAGNOSIS .....   | 10         |
| 4.6.1. Current organizational situation and strategy.....                | 10         |
| 4.6.2. Marketing processes and campaigns .....                           | 10         |
| 4.6.3. Data availability, IT strategy and information architecture ..... | 11         |
| 4.6.4. Evaluating customer satisfaction.....                             | 12         |
| <b>5. EMPIRICAL RESULTS.....</b>   | <b>12</b>  |
| <b>6. CONCLUSIONS &amp; RECOMMENDATIONS.....</b>                         | <b>24</b>  |
| <b>REFERENCES .....</b>  | <b>27</b>  |

## **1. INTRODUCTION**

Pestana Hotel Group is Portugal's largest international tourism and leisure group, standing 116<sup>th</sup> in the 2016 ranking of the largest hotel groups in the world, according to the annual list of Hotels Magazine, a global hotel sector publication (Hotels Magazine, 2016). The Group currently owns and manages 90 hotels, totaling over 11,800 rooms spread over 15 countries: Argentina, Brazil, Cabo Verde, Colombia, Cuba, England, Germany, Morocco, Mozambique, Portugal, Sao Tome and Principe, South Africa, Spain, United States of America, and Venezuela (Pestana Group, 2017). Pestana Group counts with five thousand employees in Portugal and two thousand abroad. Aside from its hotel division, the Pestana Hotel Group, also owns and operates golf courses, real estate developments, casinos, tour operators/travel agency and a Business Centre in Madeira Island (Pestana CR7, 2017). A detailed history of the Pestana Hotel Group can be find in Annex 1.

The company owns and manages its hotels under 4 brands: Pestana Hotels & Resorts; Pestana Collection Hotels; Pestana Pousadas de Portugal; and Pestana CR7. The consolidated brands, associated with a premium positioning and a solid hotel portfolio contribute to the high performance of the Group (Euromonitor International, 2017).

## **2. LITERATURE REVIEW**

Since increased significance is placed on customer satisfaction in today's business environment, many companies are focusing on the idea of customer loyalty and profitability to increase market share and customer satisfaction. The strong competition among many industries is one of the reasons why companies set their goal of holding customers' trust to the business by building a good relationship with them. Retaining existing customers is crucial because the time, effort and money involved in finding a new customer base are

enormous. There will be less spending on marketing to find and acquire new customers by retaining customers, which at the end of the day means increased profit for the firm.

## **2.1. CUSTOMER RELATIONSHIP MANAGEMENT OVERVIEW**

Customer Relationship Management (CRM) has its origins in the Relationship Marketing theories that first appeared in the marketing literature in 1983. This concept changed the “new customer only” approach to marketing followed by many service firms of the time. Berry (1983) defined Relationship Marketing as attracting, maintaining, and building customer relationships. The concept recognizes the long-term value of customer relationships with the central idea of encouraging customer loyalty.

Relationship marketing was developed on the basis that customers vary in their needs, preferences, buying behavior, and price sensitivity. Therefore, by understanding customer drivers and customer profitability, companies can better tailor their offerings to maximize the overall value of their customer portfolio (Chen & Popovich, 2003). Based on relationship marketing, identifying more profitable customers for improving marketing strategies and investment will lead to more profitable firms (Abdolvand, Albadvi, & Koosha, 2014).

Although CRM has become broadly recognized as an important business approach, there is no universally accepted definition of CRM (Ngai, 2005). In 2004, Zablah, Bellenger, & Johnston performed an exhaustive analysis of the different conceptualizations of CRM to identify common elements and recurring themes among them, founding five major perspectives. CRM has been conceptualized as a process, a strategy, a philosophy, a capability, and/or a technological tool. Building on the insights of the studied authors, Zablah, Bellenger, & Johnston (2004) proposed their own conceptualization to reconcile the different perspectives found in the academic and popular literature: “CRM is an ongoing process that

involves the development and leveraging of market intelligence for building and maintaining a profit-maximizing portfolio of customer relationships”.

The essence of CRM is to change organizations from a product-centric to customer-centric philosophy (Kim, Suh, & Hwang, 2003; Chen & Popovich, 2003). Sin, Tse, & Yim, (2005) defined CRM as a critical success factor for business performance. Likewise, CRM is emerging as a core competence of the firm and effectively becoming a key mechanism to coordinate and organize firms’ supply and value-chains (S.-Y. Kim et al.,2006)

## **2.2. CRM BENEFITS**

CRM benefits are extensive –from higher levels of customer engagement, loyalty, and revenue to lower costs and smarter customer-facing activities. Some potential benefits of CRM are (Jutla, Craig, & Bodorik, 2001; Stone, Woodcock, & Wilson, 1996): “increased customer retention and loyalty; higher customer profitability; creation value for the customer; customization of products and services; lower process, higher quality products and services” (in Kim, Suh, & Hwang, 2003). Moreover, Richard & Jones (2008) identified seven core benefits of CRM: 1) improved ability to target profitable customers; 2) integrated offerings across channels; 3) improved sales force efficiency and effectiveness; 4) individualized marketing messages; 5) customized products and services; 6) improved customer service efficiency and effectiveness; and 7) improved pricing.

## **2.3. CRM AND HOTEL INDUSTRY**

Modern hospitality organizations objective is to increase occupancy rates and revenue by improving customer experience. To achieve these results, hotel managers need to have a deep knowledge of customers’ needs, behavior, and preferences and be aware of the ways in which the services delivered create value for the customers and then stimulate their retention and loyalty (Minghetti, 2003). Moreover, it is understood that growing customer-acquisition costs, rising customer expectations, price-sensitive travelers, more sophisticated clients,

uncertain market, and less brand loyalty are all key factors, which strongly impulse hotels to focus on CRM as a beneficial strategy (Mohammed & Rashid, 2012).

Hotels' performance and competitiveness is significantly dependent on their ability to satisfy customers efficiently and effectively (Sigala, 2005) which requires a deep knowledge of customers' needs, behavior, and preferences, and new technologies (Minghetti, 2003). Although keeping guests satisfied is important, building customer loyalty brings more value than satisfied customers. Loyal customers generally show a lower price sensitivity over time, tend to resist changing service providers, identify themselves with the brand, and maintain a strong preference for the service purchased against competitors (Butcher, Sparks, & O'Callaghan, 2001). This allows the hotel to reduce marketing costs and to significantly increase occupancy rate and profitability (Minghetti, 2003). It is argued that the success of a CRM strategy depends not only on the ability of a company to identify and understand what its target customers genuinely need and want, but also on the company's ability to deliver enhanced value in terms of these specific needs and wants (Lancaster, 2013).

### **2.3.1. Data Management and Service Customization**

Even though CRM in hospitality has overstated the importance of Information and Communication Technologies (ICT), it is now widely recognized that successful CRM implementation should effectively combine and align ICT functionality with business operations (Sigala, 2005). The convergence between IT, telecommunications, and media and the use of data warehousing/ data mining techniques facilitate hotel organizations in managing the customer relationship and support the collection and consolidation of comprehensive data across every point of interaction, before the guest arrives at the hotel and during his/her stay (Cline, 1999; Olsen & Connolly, 2000). The spread of IT creates valuable knowledge, promotes a high level of connectivity between the hotel and its guests and within



the hotel departments/functions, forces out distribution inefficiencies, and enlarges the number of distribution channels available (Minghetti, 2003).

### **2.3.2. Loyalty programs**

The hotel industry continues embracing loyalty/rewards programs as a major platform to nurture customer relationships as well as secure return business (Xie et al., 2015). A loyalty program is a marketing effort developed by companies to encourage loyal shopper behavior. Loyalty programs are designed to help companies gain new customers, retain existing customers, encourage more frequent transactions and larger basket sizes per transaction, and collect data to use to offer more attractive loyalty programs. In the increasingly competitive retail environment, an attractive loyalty program is an effective way for companies to differentiate themselves (Euromonitor International, 2017).

All top global hotel companies provide at least one loyalty program, all with a different balance between rewards and recognition. Beyond saving and spending points, many regular travelers become part of a loyalty program to be recognized as a loyal customer. In return for their spending power, they would like extra benefits that other guests have no access to. To this purpose, many hotel loyalty schemes have elite membership levels or tiers, with regular guests able to achieve different levels with improved benefits (Euromonitor International, 2017).

## **3. METHODOLOGY**

The purpose of this Work Project is to understand the Pestana guest's communication preferences throughout the customer journey, to identify communication strategies for the Pestana Group to better approach their clients. The methodology used to do so comprised an internal analysis of the Pestana Group CRM, and to support this research a quantitative

analysis was conducted based on data collected through a structured survey (Annex 2) that included several variables directly related to the communication strategies preferred by Pestana clients and a characterization of their profile with the aim of constructing a segmentation proposal through marketing personas. The surveys were conducted using the tool of ReviewPro- Guest Intelligence solutions for the hospitality industry- and was sent as a marketing email by Pestana Hotel Group to the Pestana guests that had been to one of the hotels of the group within the last two years for business, for leisure, or both, and who authorized to be contacted by the company. The sample consisted of 5000 guests over the age of 18.

### **3.1. Research Design**

Survey participants responded to an online questionnaire concerning the communication preferences throughout the customer journey. The questionnaire was designed to trace the path along the customer journey: pre-stay, in-stay & post-stay. The questionnaire included 24 multiple choice and Likert scale questions related to communication preferences, and 7 questions of demographic variables (Annex 2).

After collecting the answers from the survey, seven different marketing personas were created with the help of the Business Intelligence team of the Pestana Hotel Group based on internal knowledge of their guests and on the results of the survey. Several variables were considered including demographic variables (age, gender, marital status), background information (hobbies, education), and identifying information (like communication preferences, social media use, favorite types of travel, preferred Pestana brands). Later the data from the survey was divided per Persona with the purpose of analyzing statistically the communication preferences of each persona along the customer journey.

## **4. PESTANA INTERNAL ANALYSIS**

### **4.1. BRAND PORTFOLIO**

Pestana Hotel Group is classified as an Upper Upscale Chain. Hotel Chain Scales are used by hotel industry analysts at STR Global (major hotel data research firm) to segment hotel brands into Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, Economy, and Independent categories. Chain Scale segments are grouped primarily according to actual average room rates (ARR) (STR Global, 2017).

The Pestana brand portfolio includes four brands: Pestana Hotels & Resorts (53 units), Pousadas de Portugal (31 units), Collection Hotels (5 units), and CR7 Hotels (2 units). Each sub-brand keeps the corporate image, but adopts a color of its own. Pestana Hotels & Resorts is blue (leisure, sky, and sea), Pousadas de Portugal follows a national color (red), while the Pestana Collection Hotels present themselves with gold (luxury segment) (Marques, 2015). A detailed description of each brand can be found in Annex 3, and photographs of two units of each brand can be found in Annex 4.

### **4.2. STRATEGIC EVALUATION**

Pestana Hotels & Resorts is the market leader in Portugal, with 4% value share in 2017, followed by Vila Galé, with 2%, Minor International, InterContinental Hotels Group and Sana Hotels, the three with 2% (Euromonitor International, Lodging in Portugal 2017). However, in a market where the leading player, the Pestana Hotel Group, has 4% market share and the second player has half the share of the leader, this shows that the industry structure is highly fragmented in independent units.

Pestana Hotel Group is pursuing an asset-right business model which means it owns (or lease long-term) more hotels than most of its competitors, having the advantage of absolute control over the hotels and its maintenance. This strategy is opposed to “asset-light” business model—industry jargon for franchising out hotels whose bricks-and-mortar belong to

someone else, often an individual or an investment fund- which is followed by industry leaders such as Marriott and InterContinental (The Economist, 2010). The vast experience in tourism real estate of Pestana Group constitutes a competitive advantage

Despite the exchange rates variations, the total company assets were approximately €1,2bn and fixed assets were €0,90bn in 2016 (Pestana Annual Report, 2016). Pestana Hotel Group has around 70% of its assets in Portugal, while the Portuguese demand continues to represent approximately 23% of the overall hospitality activity revenue of the group (10% of the Group revenue including all business activities). This means that the Company is one of the leading groups supporting Portuguese trade balance. (Pestana Annual Report, 2016). A SWOT analysis of the Pestana Hotel group can be found in Annex 5.

#### **4.3. FINANCIAL PERFORMANCE**

2014 was the first year in which it was reasonable to compare the Annual consolidated figures with the previous year as the Group's restructuring in 2013 changed the consolidation perimeter when compared with 2012 (Pestana Annual Report, 2014). Over the past four years Pestana Group revenue has been continually growing, with total revenue increasing from 320.8 million Euros in 2013 to 360.1 million Euros in 2016. In 2016, 67% of this revenue came from its Hotel and restaurant division. The Gross Operating Profit (GOP) of the tourism activity increased 47.55% from 2013 to 2016 from 83,7 to 123,5 million Euros. Pestana's Net Income in 2016 was 28.7 million Euros, showing an impressive growth of 73,94% compared to the previous year. The company has improved its operating margin compared to previous years, being one of the best among its peers.

#### **4.4. KEY PERFORMANCE INDICATORS**

An analysis of the industry KPIs of the Pestana Hotel Group can be found in Annex 6. For this work project customer related KPIs are analyzed below.

The Pestana Guest Satisfaction Index (PGSI) (Annex 7) score is good above 86% as established by the company. The highest score goes to the Collection Hotels with values over 90% since 2015, having a PGSI of 91.54% in 2017. For the Hotels & Resorts and Pousadas brand the index has improved over the last three years, going from 82.77% in 2015 to 85% in 2017, and from 88.87% in 2015 to 89.61% in 2017 respectively. For the last brand to join the Pestana portfolio, the CR7, the index was 91.85% in 2016 and 90.68% in 2017. The review of the PSGI for the Pestana brands demonstrates a high guest satisfaction with the Pestana Hotels.

The Net Promoter Score measures the quality of Pestana relationships with its current guests. It is a straightforward KPI for measuring loyalty. A positive score for a 4-stars property on NPS can usually be considered a score of 40 and above (positive) (Pestana Hotel Group, 2017). Similarly, as the PGSI the NPS is higher in the Collection Hotels with an average score of 60 for the years from 2015 to 2017. The lowest score goes to the Hotels & Resorts brand with a NPS average of 32.15 over the same period. Pousadas of Portugal NPS average is 54.87 and Pestana CR7 score was 59.45 in 2016 and 52.46 in 2017.

Net Promoter Score gives valuable insights provided directly by guests. More relevant than the score are the reasons behind it. Hotels should track detractors and understand how to improve the relationship with its guests. Additionally, hotels should also track promoters and potentiate their loyalty relationship (Pestana Hotel Group, 2017).

#### **4.5. COMPETITIVE ADVANTAGES**

Location of the hotels and the buildings with strong historical and architectonic values, constitute a competitive advantage being difficult to imitate by competitors, valuable and rare. Other intangible resources, like the Pestana brand's image and reputation, loyalty program, and strategic alliances also constitute competitive advantages.

Being a hotel developer, owner, and operator for more than 45 years, Pestana Hotel Group can provide a solid and differentiated contribution to outstanding developments with its long-term view and specially because it combines - in a unique manner - the responsibility of carrying the assets in their balance sheet with a highly efficient operational record of success. In Pestana Hotels service is one of the main differentiating factors to capture clients from competitors. Inspired by exceeding guest expectations, there is high service quality by providing excellent products and investing in training personnel. Finally, the success of marketing and sales is a competitive advantage because the marketing investment raises its profile in the media, offering original content announcing the brand and the product to attract new international customers (Rodrigues, 2015).

## **4.6. CRM DIAGNOSIS**

### **4.6.1. Current organizational situation and strategy**

The strategic goals of the Pestana Group from a marketing perspective are to create a global brand and increase its appeal. From the customer perspective the goal is to increase guest satisfaction by enhancing the service quality, in order to achieve a better price/quality ratio and to increase the number of bookings. The current market segmentation base is geographic, there is no demographic, psychographic or behavioral segmentation. Each hotel brand has a characterization of the trip type of its guests (Couple, family or group).

### **4.6.2. Marketing processes and campaigns**

The marketing channels used by the company are: Email, Facebook page, Facebook Advertising, LinkedIn Company Profile, LinkedIn Advertising, Loyalty Card, Email Marketing, Press Releases, Twitter account, Twitter advertising, Pinterest, Instagram, Website via desktop, Website via tablet/Mobile, YouTube Channel, Contact center, Radio, and Magazine Adverts.

There is a CRM team that works with the Pestana Priority Guest loyalty program (Annex 8), and which analyses client database to make targeted campaigns. The campaigns (online/digital and offline) are defined taking in consideration the properties occupancy. Pestana Hotel Group does marketing campaigns with hotels that need more visits on their website to drive more online bookings or calls to the Contact Center, increasing the conversion rate and revenue. On the other hand, the Group also does campaigns to their global brand – Pestana Hotel Group- to promote the brand across several markets and to generate “word of mouth”. At the end, the campaign results are measured by their conversion rate, revenue, and Return on Investment (ROI). There are contact policies applied to the channels that interact with the customer, depending on the channel: website & newsletters, contact center, hotels.

The priority in communicating with the customer is conversion: re-engage existing customers, win-back old customers, or capture new customers. “Our priority with all the customers we engage is to exceed their expectations on their stay, to get more loyal customers, who are also our priority. We have communication/ promotions only for loyalty program members to continue engaging this audience.” (M. Guerreiro, Personal Communication, 2017).

#### **4.6.3. Data availability, IT strategy and information architecture**

In the marketing & CRM team there are skills for data analysis and treatment. Business Intelligence is the department responsible for supporting other Pestana Group departments in retrieving data, treating, and gathering business insights. The CRM and Marketing teams have easy access to the data. The teams have access to online reports with revenue performance data. Also, some team members have access to a self-service tool that extracts information from the data warehouse into an excel sheet.

Customer information is safely stored in a data warehouse that includes transactional data and guest satisfaction data. In the short term, the data warehouse will expand including revenue benchmarking data. The data warehouse is managed by the Business Intelligence department, being maintained, and fed in partnership with the IT Department. The data warehouse is fed by a guest satisfaction tool (ReviewPro) and the reservations system (Opera). CRM data is stored in the CRM tool (Microsoft CRM). CRM data is separated from the data warehouse. Soon, a new CRM system will be implemented so that data is jointly managed and analyzed. To capture data in the front-office there is a Reservation System (Opera), and to retrieve data in the back-office there are tools such as Guest Satisfaction Tool (ReviewPro), CRM tool (Microsoft CRM), and Reservation System (Opera).

“The data has good quality, although we continuously engage in quality improvement processes. Additionally, the Business Intelligence team takes effort in translation of the data into a “digestible” format for decision makers and managers.” (M. Guerreiro, 2017).

#### **4.6.4. Evaluating customer satisfaction**

Regardless of customer feedback, there is a high concern at all units to maintain a personalized contact with the customer. The hotels perform and encourage the response to a customer satisfaction questionnaire. Furthermore, customers are encouraged to express their opinion on the websites that listen to users' opinions, namely Trip Advisor and Holiday Check. Pestana keeps track of its guests' customer satisfaction through an online satisfaction questionnaire sent after the guest stay at any unit.

### **5. EMPIRICAL RESULTS**

Buyer personas (sometimes referred to as marketing personas) are fictional, generalized representations of a company's ideal customers. Personas help to internalize the ideal



customer the company is trying to attract, and relate to their customers as real humans. Having a deep understanding of the buyer personas is critical to driving content creation, product development, sales follow up, and really anything that relates to customer acquisition and retention (Vaughan, 2015). Personas are specific archetypes of people in the target audience. The attributes identified across the group are collected to give birth to a single entity that represents these users. A persona has a descriptive name and is meant to be thought of like someone that actually exists (iPullRank, 2014).

A good set of buyer personas will segment the audience in useful ways so that the company can tailor its messaging to targeted groups of people. But personas are more than just traditional audience segmentation (Hutt, 2014). “Creating buyer personas is not just a tool. It’s a best practice. Without them, your marketing efforts are often just a generic manifestation of wishful thinking. Instead of marketing with confidence, you’re creating content on conjecture, which is far less effective” (Hutt, 2014).

Personas come with a customer journey which is a collection of steps a user takes in fulfilling those needs. For this research the customer journey was considered as follows: Booking stage, Pre-stay, In-stay, Post-stay, Next-stay (dreaming stage). Statistical charts for the survey results by persona and by question can be found in Annex 9. The seven marketing personas for the Pestana Hotel Group will be described below, already including each Persona’s communication preferences based on the survey results. Summary charts for the Personas and their communication preferences can be found in Annex 10 and Annex 11 respectively.

**MARIA:** “I’m used to travel for holidays with family. I want to have freedom to do my own schedules without any restrictions. Enjoying this time is my determination and I plan my holiday 6 months earlier.”

Maria is a woman between 25-54 years old, a professional with an established career, either married or single, and she is a mom. She typically has more than one kid, and her kids tend to be young. When it comes to travel and holidays she makes the decisions, and usually she plans her trips with a lot of time in advance. Most of her travels are centered on kid's activities, while her desired experience is leisure. She mainly travels with her family and in couple. Sometimes she also travels for business 1-2 times (26%), 3-4 times (13%). When traveling for leisure Maria is looking to relax while entertaining the children. Approximately she makes 2- 3 big vacations (61%), and 3-4+ (67%) getaways per year. Her favorite types of travel are beach (90%), city break (41%), and historical/cultural trips (37%). Her hobbies are gastronomy, nature and culture related activities (museums, galleries, historical visits). Maria's preferred Pestana brands are Pestana Hotels & Resorts (99%), and Pestana Pousadas de Portugal (26%).

In her customer journey, at the booking stage she looks for deals (e.g. early booking deals) (75%), hotels with kids' facilities and benefits (49%), and meals packages (she looks for hotels that serve breakfast, lunch and dinner as part of the package) (32%). Maria looks for ideas/ opinions & recommendations in Online Reviews Websites (such as TripAdvisor) (74%), recommendations from friends (43%) are also very important for her, and finally she looks for ideas in travel guides (28%). She books the hotel through online travel agencies (OTAs) websites (e.g. Expedia, Hotels.com, Booking.com, Travelocity, Orbitz) (39%), directly in the hotel website (35%), and at traditional travel agencies (e.g. TUI, Abreu Viagens) (13%).

Prior to her stay she wants to know: new room options available (upgrades, new availability) (58%), destination information (45%) so that she can plan her activities with time, also property information and directions (43%), and early check-in options (41%). For receiving

travel information, she prefers e-mail (93%), text messaging (SMS) (36%), and messaging apps (e.g. WhatsApp) (14%). If she was to be contacted by messaging apps she prefers WhatsApp (70%), Facebook Messenger (45%), and iMessage (27%). During her stay she prefers to be helped and contacted In Person (Concierge, Front Office) (78%), Push Notifications (25%) with activities or promotions for in-site services, and by email (18%).

Maria prefers to spend her points on a loyalty program in: Free nights & discounts (73%), room upgrades (30%), and to get spa experiences (18%). Furthermore, she finds interesting on a hotel loyalty program: more personalized offers (Restaurant deals, Spa Deals, Room Upgrade) (62%), Early Check in/ Late Check Out option (49%), hotels that allow to choose room in advance (37%), and have Extra-Amenities (35%).

To connect with the hotel post-stay, she would like to receive information regarding deals and special offers (64%), she likes to give feedback through surveys (53%), and receive inspiration for next trips (27%). In terms of content while dreaming and planning her trip, she would like to receive: Hotel Specials: Personalized destination offers and packages (59%), loyalty program news and benefits (42%), and exciting services or events at the Pestana Hotels (33%). After her stay she prefers to be contacted mainly by email (95%) and by messaging apps (20%).

**ANTÓNIO:** “I love to travel with my wife and we both like keeping our routines every year. Combining international and national experiences is the key for a great time abroad.” António is a married man of 55+ years old. He is a professional with an established career near to retiring or already retired. He is deeply engaged in his hobbies and interests: culture related activities, gastronomy, and nature-related activities. He is interested in photography, art, reading, gardening, hiking, and fishing. He usually travels in couple and/ or with his family. His main desired experience is leisure, he is looking to relax. With older age came

more time to enjoy travelling, relax and visit friends and family. Approximately he makes 2-4 big vacations (82%), and 3-4+ (75%) getaways per year. At least 2 trips per year are tied to visiting family or friends. António's favorite types of travel are beach (62%), historical/Cultural trip (60%), and City break (40%). He is very interested in walking routes/hiking, sightseeing, wine touring, architectural and historical visits. His preferred brands are Pestana Hotels & Resorts, and Pestana Pousadas de Portugal.

In his customer journey, at the booking stage he looks for deals (34%), travel off Season (28%), and meals packages (16%). Antonio looks for ideas/ opinions & recommendations in: Online Reviews Websites (68%), recommendations from friends (39%), travel guides (37%). Likewise, he relies in his travel agent opinions and recommendations. He books the hotel directly in the hotel website (41%), OTAs (28%), and traditional travel agencies (20%).

Prior to his stay he wants to know: new room options available (56%), property information and directions (52%), and destination information (49%). For receiving travel information, he prefers emails (96%), Messaging Apps (25%), and text messaging (22%). If he was to be contacted by messaging apps he prefers WhatsApp (40%), Facebook Messenger (24%), and iMessage (21%). However, Antonio is not very involved with this apps (None 19%), so it is preferable to contact him by email. During his stay he prefers to be helped in Person (81%), email (27%) or phone call (18%).

António prefers to spend her points on a loyalty program in: Free nights & discounts (65%), and room upgrades (51%). Furthermore, he finds interesting on a hotel loyalty program: More personalized offers (54%), allow to choose room in advance (48%) and early Check in/ Late Check Out (36%).

To connect with the hotel post-stay, he would like to give feedback through surveys (53%), and receive information regarding deals and special offers (51%). In terms of content Antonio

would like to receive by email (97%) hotel Specials (50%) and loyalty program news and benefits (48%).

**TOMÁS:** “I am often traveling for business. I want to make the best use of my time. Wherever I am, I need to be able to work in my projects and hold meetings. While working hard, I also want to get the best of life.”

Tomás is a businessman mainly between the ages of 35-55 years old. He is the typical *hard worker* that travels a lot for business which is his main motivation. He makes less than 3 big vacations per year as he is a *hard worker* and doesn't have much time to travel for leisure. He makes from 3 to more than 6 business trips per year (67%). Even though he travels mainly for business, he also travels with his family and couple. His favorite types of travel are beach (76%), historical/ cultural trip (49%), and city break (44%). Tomás hobbies include gastronomy (61%), culture (55%), nature activities (54%), and sports/fitness (40%). Tomás preferred brands are Pestana Hotels & Resorts, and Pestana Pousadas de Portugal.

In his customer journey, at the booking stage he looks for deals (73%), travel off Season (38%), and meals packages (31%). Tomás looks for ideas/ opinions & recommendations in: Online Reviews Websites (72%), recommendations from friends (47%), travel guides (31%). He books the hotel through OTAs (39%) and directly in the hotel website (39%).

Prior to his stay he wants to know: new room options available (59%), property information and directions (42%), and a booking reminder (40%). For receiving travel information, he prefers emails (96%), Messaging Apps (45%), and text messaging (32%). If he was to be contacted by messaging apps he prefers WhatsApp (76%), Facebook Messenger (35%), and iMessage (22%). During his stay he preferred to be helped in Person (81%), chat with the staff using his own preferred channel (SMS Facebook Messenger, WhatsApp etc.) (23%) or push notifications (23%).

Tomás prefers to spend his points on a loyalty program in: Free nights & discounts (78%), room upgrades (47%), and gastronomic experiences (19%). Furthermore, he finds interesting on a hotel loyalty program: More personalized offers (62%), early Check in/ Late Check Out (48%), and have extra amenities (38%).

To connect with the hotel post-stay, he would like to give feedback through surveys (62%), and receive information regarding deals (49%). In terms of content Tomás would like to receive by email (95%) or messaging apps (28%): hotel Specials (49%), loyalty program news and benefits (47%), and exciting services or events at the Pestana Hotels (32%).

**PAULA:** “I want to visit new places together with family and friends and contact with new idiosyncrasies. My goal is to contact with new humanities and have the feel of independence. I believe this is the key for personal growth.”

Paula is a woman between the ages of 35-54 years old. Her main motivation for traveling is leisure, while her desired experience is adventure and looking to explore new places. What will be interesting in this profile is to notice the differences and preferences between her (which represents a more intermediate age) and António (the old man) who also does not travel in business but who is older.

Paula makes 1-2 big vacations (75%), and 3 to 4+ getaways (68%) per year. She usually travels with her family (60%), in couple (32%) or with friends (17%), and she has no kids. Her favorite types of travel are beach (72%), historical/cultural trips (54%), city break (47%), and romantic getaways (43%). Her hobbies are culture related activities (museums, galleries, historical visits), gastronomy, and nature activities. Paula’s preferred Pestana brands are Pestana Hotels & Resorts, Pestana Pousadas de Portugal and Pestana CR7.

In her customer journey, at the booking stage she looks for deals (72%), travel off season (37%), and meals packages (30%). Paula looks for ideas/ opinions & recommendations in

Online Reviews Websites (69%), recommendations from friends (48%), and travel guides (36%). She books the hotel through OTAs websites (39%), directly in the hotel website (31%), and at traditional travel agencies (13%).

Prior to her stay she wants to know: property information and directions (55%), new room options available (51%), and destination information (45%). For receiving travel information, she prefers e-mail (94%), text messaging (SMS) (37%), and her travel agent (19%). If she was to be contacted by messaging apps she prefers WhatsApp (67%), Facebook Messenger (37%), and iMessage (21%). During her stay she prefers to be helped and contacted In Person (80%), Push Notifications (28%) with activities or promotions for in-site services, and by email (19%).

Paula prefers to spend her points on a loyalty program in: Free nights & discounts (74%), room upgrades (43%), and to get spa experiences (21%). Furthermore, she finds interesting on a hotel loyalty program: more personalized offers (67%), Early Check in/ Late Check Out option (49%), hotels that allow to choose room in advance (42%), and have Extra-Amenities (34%).

To connect with the hotel post-stay, she would like to receive information regarding deals and special offers (61%), she likes to give feedback through surveys (55%), and receive inspiration for next trips (25%). In terms of content while dreaming and planning her trip, she would like to receive: Hotel Specials: Personalized destination offers and packages (54%), loyalty program news and benefits (44%), and travel inspiration (33%). After her stay she prefers to be contacted mainly by email (96%) and by messaging apps (17%).

**MILLENNIALS:** “I am a natural explorer, originality drives me. I like putting myself in uncomfortable and challenging situations. I want to know new places and interact with native people and other travelers.”

This segment comprehends the ages between 18-34 years old, just 29% of the sample has children and 54% is single. They make between 3 (25%) and 4+ (43%) getaways per year, 1-2 big vacations (76%), and 61% travel for special occasions. They travel for business at least 1-2 times per year (24%) and some even 6+ times (12%). They mainly travel in couple (52%) and with family (26%). Their favorite types of travel are beach (72%), romantic getaways (56%), and historical/cultural trips (45%). Their hobbies are culture, gastronomy, and nature related activities. Shopping and fitness/ sport activities are also relevant for them. Millennials preferred Pestana brands are Pestana Hotels & Resorts, Pestana Pousadas de and Pestana CR7.

In their customer journey, at the booking stage millennials look for deals (82%), meals packages (37%), and travel off season (33%). They are also interested in stylish hotels with good design. They look for ideas/ opinions & recommendations in Online Reviews Websites (69%), recommendations from friends (49%), and blogs and social networks (33%). They book the hotel in OTAs websites (48%), and directly in the hotel website (35%).

Prior to their stay they want to know: new room options available (upgrades, new availability) (50%), early check-in options (46%), and destination information (44%). For receiving travel information, they prefer e-mail (94%), text messaging (SMS) (36%), and messaging apps (e.g. WhatsApp) (17%). If they were to be contacted by messaging apps they prefer WhatsApp (80%), Facebook Messenger (47%), and iMessage (24%). During their stay they prefer to be helped and contacted In Person (75%), by phone call (28%) and Push Notifications (23%).

Millennials prefer to spend their points on a loyalty program in: Free nights & discounts (81%), room upgrades (39%), and to get spa experiences (24%). Furthermore, they find



interesting on a hotel loyalty program: more personalized offers (69%), Early Check in/ Late Check Out option (47%), and have Extra-Amenities (37%).

To connect with the hotel post-stay, they would like to give feedback through surveys (62%), receive information regarding deals and special offers (47%) and receive inspiration for next trips (24%). In terms of content while dreaming and planning their trip, they would like to receive: Personalized destination offers and packages (51%), loyalty program news and benefits (39%), and exciting services or events at the Pestana Hotels (37%). After their stay they prefer to be contacted mainly by email (93%) and by messaging apps (27%) in a monthly basis (48%).

**FRED:** "I love to travel with my wife and my family or with my friends. I Spend 2 days in Obidos and I travel to Spain after - Consume meals at Pousada (likes to taste Portuguese gastronomy)."

Fred is man between the ages of 55-65+ years old. He travels for leisure looking for historical and cultural experiences with a strong connection to local culture and cuisine. Fred is a married man (94%). He may be Portuguese (55%) or British (14%). He makes 2 (43%) to 3 (25%) big vacations, and 3 (26%) to 4 (46%) getaways per year. He doesn't travel for business (55%) but if he does he travels 1-2 times per year (16%). He mainly travels with his couple (57%) and family (36%). His favorite types of travel historical/ cultural trip (76%), beach (53%), and city break (41%). Fred hobbies include culture (71%), gastronomy (62%), nature activities (49%). Fred's preferred Pestana brand is Pestana Pousadas de Portugal.

In his customer journey, at the booking stage he looks for deals (67%), travel off Season (54%), and meals packages (23%). Fred looks for ideas/ opinions & recommendations in: Online Reviews Websites (59%), recommendations from friends (42%), and travel guides (39%). He books the hotel directly in the hotel website (46%) and through OTAs (30%).

Prior to his stay he wants to know: new room options available (54%), property information and directions (53%), and destination information (50%). For receiving travel information, he prefers emails (97%), Messaging Apps (38%), and text messaging (31%). If it was to be contacted by messaging apps he prefers WhatsApp (53%), Facebook Messenger (25%), and iMessage (24%).

During his stay he preferred to be helped in Person (79%), by email (30%) or push notifications (20%). Fred prefers to spend his points on a loyalty program in: Free nights & discounts (75%), room upgrades (47%), and gastronomic experiences (19%). Furthermore, he finds interesting on a hotel loyalty program: Allow to choose room in advance (79%), more personalized offers (69%), and early Check in/ Late Check Out (39%).

To connect with the hotel post-stay, he would like to receive inspiration for next trips (67%), receive information regarding deals and special offers (57%), and give feedback through surveys (55%). In terms of content Fred would like to receive monthly (51%) by email (96%) loyalty program news and benefits (50%), hotel Specials (49%), and travel inspiration (32%).

**GOLF LOVERS:** "I want to visit new places and I like sports. Whenever I can I enjoy playing golf on my vacation"

This segment comprehends the Golf Vacation Travel Enthusiasts between the ages of 54-65+ years old. Mainly men are part of this segment (82%), however some women are also golf lovers (18%). They are married (92%) and have children which are grown up at this stage in life. When it comes to nationality British is the predominant nationality of golfers who visit Pestana hotels (50%).

Golf lovers make between 3 (31%) and 4+ (47%) getaways per year, 2 (40%) to 3 (26%) big vacations, and they usually don't travel for special occasions (71%) neither for business (67%). They mainly travel in couple (41%), with family (32%), and friends (24%) probably

who share the same passion for golf. Their favorite types of travel are golf (100%), beach (57%), and city break (35%). The golf lover hobbies are golf (96%), gastronomy (35%), and culture (33%). Their preferred Pestana brand is Pestana Hotels & Resorts.

In their customer journey, at the booking stage golf lovers look for sport packages (55%), deals (51%), and travel off season (34%). They look for ideas/ opinions & recommendations in Online Reviews Websites (69%), recommendations from friends (49%), and travel guides (27%). They book the hotel directly in the hotel website (37%), and in OTAs websites (35%).

Prior to their stay they want to know: new room options available (66%), property information and directions (47%), and destination information (28%). For receiving travel information, they prefer e-mail (95%), messaging apps (28%), and text messaging (SMS) (21%), and. If it was to be contacted by messaging apps they prefer WhatsApp (53%), Facebook Messenger (30%), and iMessage (27%). During their stay they prefer to be helped and contacted In Person (79%), and email (30%).

Golf lovers prefer to spend their points on a loyalty program in: Free nights & discounts (62%), and room upgrades (56%). Furthermore, they find interesting on a hotel loyalty program: more personalized offers (55%), allow to choose room in advance (43%) and Early Check in/ Late Check Out option (42%).

To connect with the hotel post-stay, they would like to receive information regarding deals and special offers (53%) and give feedback through surveys (50%). In terms of content while dreaming and planning their trip, they would like to receive: Personalized destination offers and packages (59%), loyalty program news and benefits (43%), and exciting services or events at the Pestana Hotels (31%). After their stay they prefer to be contacted mainly by email (97%) in a monthly basis (48%).

## **6. CONCLUSIONS & RECOMMENDATIONS**

Building the seven personas described above will give the Pestana Hotel group a base to segment their guests in order to speak directly to their needs. It will serve as a guide to better target campaigns and initiatives, to invest time and resources on valuable customers. This will replace the solely base geographical segmentation currently used by the Group.

From the survey conducted it can be concluded that Pestana customers are looking for deals when booking their hotel. Meals packages are relevant for four of the seven personas described. Online review websites and recommendations from friends are the main source of information for Pestana customers. When it comes to booking the hotel Pestana guests book through OTAs and directly in the hotel website.

For the pre-stay all the personas are interested in knowing new room options available (upgrades, new availability) which represents an interesting up-selling opportunity for the company as it will signify more profitable sales. Destination information and property information and directions is also of interest for the Pestana guests. E-mail excels as the preferred channel for receiving information, and text messaging (SMS) is also a preferred channel for communicating with the hotel. Messaging apps arise as a channel of interest for the guests with WhatsApp, Facebook Messenger, and iMessage as the favorite apps.

For the in-stay stage guests prefer to be helped in person, however push notifications and e-mail are also of interest. The findings for the loyalty program preferences reveal that guests prefer to spend their points in free nights & discounts, and room upgrades. They find interesting more personalized offers (restaurant deals, spa deals...), early check-in/ late check-out options, and allow to choose room in advance.

In the post-stay Pestana guests would like to connect with the hotel by giving feedback through surveys, receive information regarding deals and special offers, and by giving

feedback in online review websites. In the dreaming stage (next-stay) they would like to receive loyalty program news and benefits, exciting services or events at Pestana Hotels and personalized destination offers and packages. As in the pre-stay, for the next-stay the preferred communication channel is e-mail, mainly in a monthly basis however frequency varies from guest to guest. Even though these generalizations can be made, the point of designing personas is to speak directly to each persona needs.

CRM is essential to companies nowadays that want to retain and create longstanding relationships with their clients. Having CRM strategies in place alongside with content marketing and a successful loyalty program will help customer retention and company profitability for Pestana Hotel Group.

Three recommendations for improving Pestana CRM strategies arise from this work project: First, use the seven personas and its communication strategies as a base to segment Pestana clients and target their specific needs and concerns. As a result of this work project, communication channels and relevant content were identified for each segment, which will enable the Pestana Hotel Group to create valuable, relevant, and consistent content to attract and retain a clearly defined audience — and, ultimately, to drive profitable customer action. Match personas to marketing materials by developing ads and e-mail campaigns for each persona and test them.

Even though the survey helped characterize the Personas, it would be of great value to enrich each profile by conducting individual interviews as it will help to get a more intimate and honest response due to the more personal setting. This will give the company data that is superior in quality to surveys and other types of research (NetAffinity, 2016).

Second, include messaging as an engagement channel for communicating with guests. Messaging can help hotels improve guest satisfaction, by giving hotel the opportunity to take

advantage of every request, suggestion, concern or compliment from guests (Alice App, 2016). Hotels are embracing the trend of communicating using messaging apps and social media, realizing that messaging is increasingly how people prefer to communicate. Hyatt, InterContinental Hotels Group (IHG), Starwood, and Marriott use Facebook Messenger as part of their messaging strategies. From the results of this work project, Pestana Hotel Group could add WhatsApp and Facebook Messenger as new communication channels for their guests.

Third, for improving the Pestana Priority Guest Loyalty Program the company should follow the best practices of the industry implemented by companies such as Marriott International and Shangri-La. The power of CRM is to get to know your clients as much as you can to talk directly to their needs, in this regard, many hotel chains implemented loyalty programs with no need for a physical card but most importantly with a client area where guests can customize their preferences and share information with their hotel. This allows to keep track of points, transaction history (reservations), and manage profile information with contact information, room features preferences, hobbies & leisure activities and even dietary preferences. Leading loyalty programs are successfully offering personalization, convenience, ease of use, and non-transactional engagements/benefits (Euromonitor International, Characteristics of Next-Generation Loyalty Programmes, 2017)

Hotel loyalty programs can be very complicated, with different ways to earn points, exclusions on point earning, black-out dates for free stays etc. For the average traveler, it is time consuming to find the best program for their needs (Euromonitor International, Characteristics of Next-Generation Loyalty Programmes, 2017). For this reason, the Pestana hotel group should include in the Pestana Priority Guest program offerings of interest for their clients and maximize the ease of use for redemption and use of points.

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